VZCZCXRO4556 PP RUEHBC RUEHDE RUEHDIR RUEHKUK DE RUEHKU #0014 0040938 ZNY CCCCC ZZH P 040938Z JAN 08 FM AMEMBASSY KUWAIT TO RUEHC/SECSTATE WASHDC PRIORITY 0512 INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY RUCNIRA/IRAN COLLECTIVE PRIORITY RUEHLB/AMEMBASSY BEIRUT PRIORITY 1088 RUEHDM/AMEMBASSY DAMASCUS PRIORITY 3090 RHEHAAA/WHITE HOUSE WASHDC PRIORITY RHEHNSC/NSC WASHDC PRIORITY RUEHC/SECSTATE WASHDC PRIORITY 0513 RUEKJCS/SECDEF WASHDC PRIORITY

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E.O. 12958: DECL: 2017

TAGS: PREL PGOV PBTS KDRG KPAL ETRD ECON KU IR SY SUBJECT: KUWAIT MFA U/S: SYRIA AND IRAN

REF: A. KUWAIT 1655 ¶B. BAGHDAD 4136

Classified By: CDA Misenheimer for reasons 1.4 b and d

Lebanon: Syria has all of the cards.

11. (C) In a December 31 CDA call on MFA U/S Khaled Suliman Al-Jarallah, the U/S discussed preparation for the January 11-12 POTUS visit and relevant Kuwait-Iraq border issues (reported septels). Jarallah also expressed deep concern over the political situation in Lebanon and said that "all of the cards" are in Syria's hands. He added that strong pressure must be maintained on Syria and that Syria may yet be a source of a positive outcome in Lebanon. So far, he lamented, Syria has chosen to play a negative role, especially in terms of dallying with General Aoun and Hezbollah. To date, he added, Syria's cooperation with Hezbollah and Aoun have only empowered these negative elements and led to the state of play seen today in Lebanon. Charge stressed that Lebanon is a high priority concern for the USG.

Iran: Reading the NIE

 $\P2$. (C) Jarallah commented positively in response to the December release of the National Intelligence Estimate and welcomed the report that Iran was currently not pursuing a nuclear weapons program. He agreed with CDA that the NIE contains much negative information on Iran's policies and intentions, but aptly summarized the public's selective reaction: "The bad news on Iran is both expected and accepted, so the unexpected element of good news naturally attracts all the attention."

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